

**Introduced by Senators Soto and Romero**

February 21, 2003

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An act to add Division 29 (commencing with Section 38000) to the Public Resources Code, relating to petroleum pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 981, as introduced, Soto. Petroleum Pollution Cleanup and Prevention Act of 2003.

Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program, administered by the State Air Resources Board, which authorizes grants by air quality management districts and air pollution control districts to offset the incremental cost of projects that reduce the emissions of oxides of nitrogen (NO<sub>x</sub>) from onroad trucks, offroad nonrecreational equipment and vehicles, locomotives, diesel marine vessels, stationary agricultural engines, and other high-emitting diesel engines. Existing law requires the state board to endeavor to achieve the maximum degree of emission reduction possible from vehicular and other mobile sources in order to accomplish the attainment of state ambient air quality standards by the earliest practicable date. Existing state board guidelines establish criteria for a lower emission schoolbus program, a replacement and particulate matter retrofit program for diesel schoolbuses in the state that is administered by the state board and implemented in part by the districts. Existing law requires, until January 1, 2007, any district with a population of 1,000,000 residents or greater, in consultation with the state board, to expend not less than 50% of the moneys appropriated until January 1, 2007, for the Carl Moyer Air Quality Standards Attainment Program, on programs to fund the purchase of reduced emission schoolbuses, and diesel mitigation programs, in a manner that

directly reduces air contaminants or the public health risks associated with air contaminants, in communities with the most significant exposure to air contaminants or localized air contaminants, or both, including communities of minority populations or low-income populations, or both.

This bill would enact the Children's Health and Petroleum Pollution Remediation Act of 2003, which would require the operator of every refinery to pay a \$0.30 fee for each barrel of crude oil received at a refinery within the state to the State Board of Equalization on a monthly basis based on the number of barrels of crude oil received during the previous month.

The bill would establish the Children's Health and Petroleum Pollution Remediation Fund in the State Treasury.

The bill would require that a certain percentage of the fees imposed on each barrel of crude oil received, as determined annually by the State Energy Resources Conservation and Development Commission, be imposed on the amount of crude oil refined into transportation fuel, as defined. The bill would require the revenues generated by the imposition of the fees to be deposited in the fund. The bill would require that, of those moneys in the fund, \$0.40 of each dollar deposited in the fund be utilized to fund the Carl Moyer Memorial Air Quality Standards Attainment Program administered by the state board and districts, and \$0.20 of each dollar so deposited be utilized to fund the lower-emission schoolbus program administered by the state board. The bill would require \$0.40 of each dollar deposited in the fund to be utilized by districts to fund a grant program for the intervention, treatment, and education of sensitive populations suffering from exposure to petroleum-related air pollution, and would authorize districts to establish and administer the program within its jurisdiction.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) Petroleum products have been shown to cause public health  
4 and environmental degradation problems, and these problems  
5 have stimulated a movement to address these concerns. The Carl  
6 Moyer Memorial Air Quality Standards Attainment Program was



1 established soon after the State Air Resources Board determined  
2 that diesel particulate is a cancer-causing toxic air contaminant.  
3 The Lower-Emission School Bus Replacement Program was  
4 created shortly thereafter.

5 (b) Recent studies indicate that there are 2.5 million people in  
6 California with asthma, 500,000 of them children. Asthma is the  
7 most common chronic childhood disease, which affects more than  
8 one in 20 children, and is the leading cause of school absences and  
9 hospital admissions for children in California. Additional studies  
10 establish a direct correlation between air quality and respiratory  
11 health.

12 (c) Some toxic air pollutants found in gasoline, including, but  
13 not limited to, benzene and diesel particulate matter, are also  
14 known to cause cancer in humans. Studies have linked particulate  
15 pollution to lung cancer and at least one investigation found a  
16 possible link between brain cancer and air pollution.

17 (d) Combustion of transportation fuel, including, but not  
18 limited to, gasoline and diesel, is the major source of ozone  
19 precursors and of fine particulate matter throughout the state, and  
20 particularly in the South Coast Air Basin.

21 (e) To clean up current petroleum-related air pollution and to  
22 protect public health, it is necessary to establish a stable funding  
23 source dedicated specifically to the purposes of air pollution  
24 cleanup and prevention, and the treatment and education of  
25 sensitive populations suffering from exposure to  
26 petroleum-related pollution.

27 (f) In order to ensure the necessary level of funding and  
28 continued operation of these programs, it is necessary to create a  
29 sustainable, consistent funding mechanism. A fee per barrel of  
30 petroleum refined within the state, imposed at the refinery gate,  
31 provides that mechanism.

32 (g) The fee per barrel imposed by the act adding this section is  
33 proportionate to the harm resulting from petroleum pollution  
34 within the state, and is a fair and reasonable means to mitigate the  
35 past, present, and future harm to public health and safety resulting  
36 from petroleum pollution in the state.

37 (h) It is the intent of the Legislature that the fee imposed by the  
38 act adding this section not be passed through to consumers.

39 SEC. 2. Division 29 (commencing with Section 38000) is  
40 added to the Public Resources Code, to read:

1 DIVISION 29. CHILDREN’S HEALTH AND PETROLEUM  
2 POLLUTION REMEDIATION ACT OF 2003

3  
4 CHAPTER 1. GENERAL PROVISIONS AND DEFINITIONS  
5

6 38000. This division shall be known, and may be cited, as the  
7 Children’s Health and Petroleum Pollution Remediation Act of  
8 2003.

9 38001. For purposes of this division, the following terms have  
10 the following meanings:

11 (a) “Air pollution and brain cancer research” means any  
12 research that explores the correlation between brain cancer and  
13 emissions of air contaminants that can be used to better assess the  
14 potential for reducing cancer incidence by improving air quality.

15 (b) “Asthma research consortium” means any research  
16 consortium on asthma and outdoor air quality, that utilizes the  
17 expertise of the University of California and other researchers to  
18 develop a firmer scientific foundation for public policy on asthma  
19 prevention.

20 (c) “Barrel of crude oil” has the same meaning as that term is  
21 defined in Section 2241 of Title 18 of the California Code of  
22 Regulations.

23 (d) “Childhood asthma initiative” means the joint project of  
24 the Division of Chronic Disease and Injury Control, the Children’s  
25 Medical Services Branch and the Environmental Health  
26 Investigations Branch of the State Department of Health Services,  
27 whose goals are to decrease asthma morbidity and improve the  
28 quality of life of children up to 5 years old with asthma.

29 (e) “Crude oil” means petroleum in an unrefined or natural  
30 state, including condensate and natural gasoline.

31 (f) “Crude oil producer” means any person or entity producing  
32 crude oil within the state that does not refine crude oil into a  
33 product.

34 (g) “District” means any air quality management district or air  
35 pollution control district in the state.

36 (h) “Fund” means the Children’s Health and Petroleum  
37 Pollution Remediation Fund established pursuant to Section  
38 38050.

39 (i) “Mobile asthma clinic” means a mobile asthma clinic that  
40 is used to augment health services for children and seniors with



1 asthma in areas in the state where underserved populations do not  
2 have access to adequate transportation, schools, Head-Start  
3 Centers, senior centers, and health clinics to provide asthma  
4 screening and treatment to low-income and uninsured residents.

5 (j) “Petroleum” means any petroleum product, including, but  
6 not limited to, petroleum additives.

7 (k) “Petroleum additive” includes, but is not limited to,  
8 benzene, toluene, ethylbenzene, and xylene.

9 (l) “Petroleum contamination” means pollution of the air from  
10 any petroleum product, including petroleum additives, or by any  
11 action related to the extraction, refinement, transport, storage,  
12 sale, combustion, or usage of petroleum.

13 (m) “Refinery” means a facility or location that refines crude  
14 oil, including, but not limited to, condensate and natural gasoline,  
15 into petroleum products, lubricating oils, coke, or asphalt.

16 (n) “Transportation fuel” means any petroleum-based product  
17 used in the propulsion of an internal combustion engine, including,  
18 but not limited to, engines required to operate onroad or offroad  
19 vehicles, aircraft, marine vessels, and locomotives, and any  
20 petroleum-based product used to fuel stationary internal and  
21 external combustion engines.

22  
23 CHAPTER 2. CHILDREN’S HEALTH AND PETROLEUM POLLUTION  
24 REMEDIATION FUND  
25

26 38050. (a) The Children’s Health Petroleum Pollution  
27 Remediation Fund is hereby established in the State Treasury. The  
28 money in the fund shall be expended for purposes of this division,  
29 upon appropriation by the Legislature for that purpose.

30 (b) Every operator of a refinery shall pay a fee in the amount  
31 of thirty cents (\$0.30) for each barrel of crude oil received at a  
32 refinery within the state.

33 (c) The State Board of Equalization shall administer the fee  
34 imposed pursuant to subdivision (b) in accordance with the Fee  
35 Collection Procedures Law (Part 30 (commencing with Section  
36 55001) of Division 2 of the Revenue and Taxation Code).

37 (d) The fee imposed pursuant to subdivision (b) is due and  
38 payable to the State Board of Equalization monthly on or before  
39 the 25th day of the calendar month following the monthly period  
40 for which the fee is imposed. Each fee payer, on or before the 25th

1 day of the month following each monthly period, shall make out  
2 a return for the preceding monthly period, in the form prescribed  
3 by the State Board of Equalization.

4 (e) All fees imposed pursuant to subdivision (b) shall be paid  
5 in the form of remittances payable to the State Board of  
6 Equalization. The State Board of Equalization shall transmit the  
7 payment to the fund.

8 (f) The money deposited to the credit of the fund may be  
9 expended for the following purposes:

10 (1) To pay for refunds pursuant to Part 30 (commencing with  
11 Section 55001) of Division 2 of the Revenue and Taxation Code.

12 (2) To pay for the administrative costs of the State Board of  
13 Equalization of collection, auditing, and making refunds  
14 associated with the fund.

15 (3) The balance shall be expended as provided in Section  
16 38051.

17 38051. (a) The moneys in the fund shall be expended as  
18 follows:

19 (1) Forty cents (\$0.40) of each dollar deposited in the fund  
20 pursuant to this subdivision shall be allocated to the Carl Moyer  
21 Memorial Air Quality Standards Attainment Trust Fund,  
22 established pursuant to subdivision (a) of Section 44299 of the  
23 Health and Safety Code, to fund diesel emissions exposure  
24 reduction incentive projects and programs through districts as  
25 described in Section 44280 of the Health and Safety Code.

26 (2) Twenty cents (\$0.20) of each dollar deposited in the fund  
27 pursuant to this subdivision shall be allocated to the State Air  
28 Resources Board to provide funding to the Lower-Emission  
29 School Bus Program administered by the State Air Resources  
30 Board, which provides funding to purchase new, lower emitting  
31 school buses and to retrofit school buses with particulate trap and  
32 emissions reduction technology.

33 (3) Forty cents (\$0.40) of each dollar deposited in the fund  
34 pursuant to this subdivision shall be allocated to districts for the  
35 grant program described in Chapter 3 (commencing with Section  
36 38150), for the intervention, treatment, and education of sensitive  
37 populations suffering from exposure to petroleum-related air  
38 pollution.



(b) Not more than 3 percent of each allocation described in paragraphs (1) to (3), inclusive, of subdivision (a) may be used for program administration and overhead costs.

(c) All interest earned on moneys deposited in the fund shall be deposited in the fund.

CHAPTER 3. PETROLEUM POLLUTION EXPOSURE REMEDIATION  
PROGRAM

38150. (a) The purpose of this chapter is to establish a competitive grant program for the intervention, treatment, and education of sensitive populations suffering from exposure to petroleum-related air pollution.

(b) Each district may establish and administer an air quality grant program to provide grants to organizations that provide respiratory and health services to children and other sensitive populations for unhealthful conditions caused by exposure to air pollution from crude oil refining and vehicular emissions.

(c) Each participating district shall determine the parties, projects, and costs eligible for grants moneys through a competitive grant solicitation process.

(d) Organizations eligible to receive a grant pursuant to this section include, but are not limited to, all of the following:

(1) Organizations that provide respiratory health services to children and other sensitive populations.

(2) Mobile asthma clinics.

(3) The Childhood Asthma Initiative.

(4) The Asthma Research Consortium.

(5) Any air pollution and brain cancer research organization.

(6) Any organization that researches the health effects of air pollution from crude oil refining and vehicular emissions.

(e) Funds allocated pursuant to paragraph (3) of subdivision (a) of Section 38051 shall be allocated to districts for the purposes of this chapter on the basis of the population served.

(f) Each participating district that administers a grant program pursuant to this section shall establish an advisory committee made up of stakeholders to review the program implementation, with special emphasis on areas with environmental justice concerns, and provide a report to the Legislature reviewing the

1 implementation of the program not later than 24 months after the  
2 date the program is established.

3 (g) If a district determines that it is not feasible for it to establish  
4 and administer a grant program, any county health agency within  
5 the jurisdiction of that district may establish and administer a  
6 program consistent with this chapter within the jurisdiction of the  
7 county health agency.

8  
9 CHAPTER 4. AIR POLLUTION PREVENTION

10  
11 38160. The moneys allocated to each project funded pursuant  
12 to Sections 38051 and 38150 shall be expended in a manner that  
13 directly addresses air pollution in communities that are severely  
14 impacted by air pollution, consistent with subdivisions (a) and (b)  
15 of Section 43023.5 of the Health and Safety Code.

16 38161. The parties, projects, and costs eligible for the moneys  
17 allocated to the Carl Moyer Memorial Air Quality Standards  
18 Attainment Trust Fund pursuant to paragraph (1) of subdivision  
19 (a) of Section 38051 are the same as those described in Chapter 9  
20 (commencing with Section 44275) of Part 5 of Division 26 of the  
21 Health and Safety Code.

22 38162. The parties, projects, and costs eligible for funds  
23 allocated to the Lower-Emission School Bus Program pursuant to  
24 paragraph (2) of subdivision (a) of Section 38051 are those that the  
25 State Air Resources Board has defined as eligible for that program.

